

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 15-10324(MG)

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5 In the Matter of:

6
7 CALEDONIA BANK LIMITED,

8
9 Debtor.

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11 - - - - - x

12
13 U.S. Bankruptcy Court

14 One Bowling Green

15 New York, New York

16
17 February 16, 2015

18 3:08 PM

19
20 B E F O R E :

21 HON MARTIN GLENN

22 U.S. BANKRUPTCY JUDGE

1 Hearing re: The petitioners' ex parte application for a
2 temporary restraining order (Dkt. 4)

3
4 Hearing re: Motion for an order scheduling recognition
5 hearing and specifying form and manner of service of notice
6 (Dkt. 5)

7
8 Hearing re: Motion for entry of an order waiving the
9 requirements of Fed. R. Bank. P. 1007(a)(4) (Dkt. 7)

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25 Transcribed by: Dawn South

1 A P P E A R A N C E S :

2 PROSKAUER ROSE

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4 Eleven Times Square

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6

7 BY: GOEFFREY RAICHT, ESQ.

8 MARGARET A. DALE, ESQ.

9

10 UNITED STATES DEPARTMENT OF JUSTICE

11 Attorney for the U.S. Trustee

12 U.S. Federal Office Building

13 201 Varick Street

14 Suite 1006

15 New York, NY 10014

16

17 BY: BRIAN S. MASUMOTO, ESQ.

18

19 ALSO PRESENT:

20 MR. COWART - ASSISTANT U.S. ATTORNEY

21 MS. HOPKIN

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P R O C E E D I N G S

THE COURT: We're here in Caledonian Bank Limited,
15-10324. Let me make sure (indiscernible) working. Sorry
it's a little dark in here, one series of lights doesn't
seem to be working this afternoon.

All right, let me have the appearances, please.

MR. RAICHT: Good afternoon, Your Honor, Geoffrey
Raicht, R-A-I-C-H-T, from Proskauer Rose --

THE COURT: Thank you.

MR. RAICHT: -- for Caledonian Bank. And I --

MS. DALE: Margaret Dale.

MS. HOPKIN: Leigh Hopkin (ph).

THE COURT: Thank you.

MR. MASUMOTO: Good afternoon, Your Honor, Brian
Masumoto for the Office of the United States Trustee.

THE COURT: All right, thank you very much.

MR. COWART: Good afternoon, Your Honor,
(indiscernible) from the U.S. Attorney's Office.

THE COURT: I -- just tell me your last name
again.

MR. COWART: It's Cowart, C-O-W-A-R-T.

THE COURT: Thank you.

All right. Mr. Raicht?

MR. RAICHT: Your Honor, before we begin anything
just on behalf of the controllers we thank Your Honor for

1 allowing us to come in today for this TRO. We acknowledge
2 it's a public holiday, and I'm sure the Court had other
3 plans for today, as well as the U.S. Trustee's Office and
4 the U.S. attorney. We know it's unusual and we appreciate
5 it, and they would not ask for it if they didn't think there
6 was an urgency.

7 Your Honor, if I may propose just a little bit of
8 background --

9 THE COURT: Sure.

10 MR. RAICHT: -- of this case.

11 THE COURT: I did read all the papers.

12 MR. RAICHT: Okay. So why don't I -- much of my
13 presentation would be in the papers, and without belaboring
14 you, what we are here for today, Your Honor, is to seek a
15 temporary restraining order for a period of time that
16 hopefully will bridge us first temporarily and then
17 ultimately to a recognition hearing.

18 I think there are probably a couple of things we
19 should talk about in terms of who we'd be seeking to enjoin
20 temporarily and why, and then if I may one issue about -- or
21 one just observation about the ultimate recognition hearing
22 just to make sure we put cards with Your Honor.

23 So there are approximately 1,500 depositors with
24 Caledonian Bank spread across the Cayman Islands, some are
25 mom and pops down in Cayman, U.S. depositors, and depositors

1 across the rest of the world. I was actually speaking with
2 Mr. Masumoto a moment ago, I don't know precisely the
3 breakdown as to how much U.S. depositors there are, but what
4 I am advised is that of the top 30 U.S. depositors that
5 number is approximately less than \$125 million of total
6 deposits. The largest depositor being approximately
7 \$100 million, and then the 30 largest being about \$9,500.

8 THE COURT: Tell me the top 30 in the U.S. total
9 how much?

10 MR. RAICHT: Less than 125 million.

11 THE COURT: Okay.

12 MR. RAICHT: And refresh Your Honor's
13 recollection, it's about \$580 million of total deposits.

14 THE COURT: Okay.

15 MR. RAICHT: So what we'd be looking to do today
16 is to enjoin depositors from taking -- commencing any
17 action, taking any action with respect to their accounts. I
18 am concerned about commencement of actions, you know, either
19 to seize assets, then mention of potential involuntary
20 proceedings, preserve the status quo.

21 The controllers were appointed on Thursday, they
22 are very much trying to get their arms around who the
23 accounts are, where they're held, but the one thing they are
24 concerned about is a -- the dismemberment of the estate
25 before they can get off the ground.

1 So primarily the depositors will be looking to
2 enjoin. We would of course give notice of the TRO to Judge
3 Pauley in the District Courts so he is aware of what we are
4 doing here. Our TRO I believe is clear that we are seeking
5 this TRO would be subject to the TRO --

6 THE COURT: Yeah, I saw that.

7 MR. RAICHT: Yeah.

8 THE COURT: I saw that. And any changes that are
9 made to that TRO as well.

10 MR. RAICHT: Correct, Your Honor.

11 We would be giving notice to the Cayman Island
12 monetary authority who is the regulator down in Cayman of
13 the bank. We would be giving notice to the banks here in
14 the United States that are -- currently hold the deposits.
15 The shareholder of the bank.

16 I say a news article over the weekend, I don't
17 know how accurate it is, but the shareholder is seeking to
18 sell its interest in the bank to a third party. I would
19 want to make sure that whatever the shareholder does does
20 not infringe upon what we're doing here. And obviously the
21 defendants who are in the District Court action, I believe
22 that's probably who we'd be looking the likely parties would
23 be.

24 We were hoping for something between sort of to
25 Your Honor's views 10 to 14 days out on a preliminary

1 injunction basis and then obviously come back for a
2 recognition hearing.

3 THE COURT: Just give me a second, I had a couple
4 of questions.

5 MR. RAICHT: Sure.

6 THE COURT: So there are accounts in Northern
7 Trust and in Morgan Stanley, Smith Barney.

8 MR. RAICHT: Those are accounts but not depositor
9 accounts, those are accounts of Caledonian Bank.

10 THE COURT: They're in the name of the bank.

11 MR. RAICHT: Correct.

12 THE COURT: All right. Do any of the depositors
13 -- I mean are there any trust accounts, or are there any
14 accounts -- Caledonian accounts in the U.S. that are for the
15 benefit of, in trust for, any other designation of any of
16 the depositors of Caledonian?

17 MR. RAICHT: Not that we're aware of, Your Honor.

18 (Pause)

19 THE COURT: So are you seeking relief that would
20 apply to all 1500 plus depositors of Caledonian Bank or only
21 the U.S. depositors?

22 MR. RAICHT: All 1500 depositors.

23 THE COURT: Okay.

24 MR. RAICHT: To the extent they want to come to
25 the U.S. and try and attack U.S., assets if there are assets

1 in the rest of the world, Your Honor, the stay -- or the
2 injunction would not apply outside the territorial
3 jurisdiction of the United States. I wish it would, but
4 Congress did not give them that authority.

5 (Pause)

6 THE COURT: Let me hear from Mr. Masumoto, then
7 from the Assistant U.S. Attorney as well.

8 MR. MASUMOTO: Good afternoon, Your Honor, Brian
9 Masumoto from the Office of the United States Trustee.

10 Your Honor, we have -- we don't have any objection
11 to the TRO.

12 As Mr. Raicht indicated prior to the hearing we
13 did engage in some discussion regarding the operations and
14 the circumstances of the debtor.

15 One of the principal questions that we had was
16 whether or not -- or what was the total aggregate amount of
17 deposits associated with the U.S. depositors, and as
18 Mr. Raicht indicated they're still in the process of making
19 that determination.

20 Part of the concern was whether or not -- although
21 we're not taking a position now on the issue of recognition,
22 but if in fact recognition were denied then part of the
23 options might be for the controller side to file an
24 involuntary 7 or an 11 which would then allow the U.S.
25 depositors to look at the U.S. assets.

1 So if in fact there were deposits attributable to
2 U.S. depositors in excess of the amounts held in the U.S. we
3 would certainly have some concerns about where the rest of
4 the funds are. My understanding is that the rest of the
5 funds, aside from the approximately 51 percent or
6 \$301 million located here, are in the UK or in Switzerland.

7 And we've -- also in our discussions I wanted to
8 know if there were any recent transfers outside -- away from
9 the United States, and the discussion was that I guess in
10 the SEC hearing regarding their TRO there was some
11 discussion about movements of money, but none that were
12 attributable to transfer overseas.

13 So in that regard I guess they're still in the
14 process of determining exactly where the assets are and I
15 guess who the depositors are, and of course that's of
16 interest and concern to us.

17 One other point that I did want to make is we did
18 inquire as to whether or not the controllers had reached a
19 conclusion as to the solvency of the debtor.

20 As Mr. Raicht had indicated I had looked online
21 for some news articles and there was an article that
22 indicated that when the shareholders sought to file their
23 voluntary liquidation, which was denied by the Cayman grand
24 court, that the board of directors declined to give a
25 solvency opinion.

1 So from our standpoint, at least with respect to
2 the current debtor, we were interested in knowing -- the
3 U.S. Trustee is interested in knowing as to whether or not
4 the debtor is insolvent or not. And -- but that again is in
5 process, they're not in a position to opine on that at the
6 moment.

7 So bottom line however, Your Honor, is based upon
8 all of our discussions the U.S. Trustee has no objection to
9 the TRO that's been sought.

10 THE COURT: All right. Mr. Cowart, do you want to
11 be heard?

12 MR. COWART: Your Honor, the United States has no
13 objection to the (indiscernible).

14 THE COURT: Mr. Raicht, does the SEC know you're
15 here?

16 MR. RAICHT: Last -- two conversations. Last
17 night, Your Honor, my partner, Margaret Dale, let the SEC
18 know that we would be filing a Chapter 15 today and seeking
19 a TRO. The response was thanks.

20 Ms. Dale earlier today had a conversation with the
21 SEC, they were not -- they didn't indicate any interest they
22 would be attending today's hearing. They were sent the TRO
23 papers --

24 THE COURT: Okay.

25 MR. RAICHT: -- they were told we were going to be

1 here.

2 THE COURT: All right. So do you have a copy of
3 the current injunction that Judge Pauley has entered?

4 MR. RAICHT: Yes, Your Honor.

5 THE COURT: I'd like to see that.

6 MR. RAICHT: May I approach?

7 THE COURT: Sure. Please.

8 (Pause)

9 MR. RAICHT: This is an injunction that was issued
10 on Friday on an ex parte basis.

11 THE COURT: Yes.

12 MR. RAICHT: (Indiscernible) superseded.

13 THE COURT: This replaces it entirely, it doesn't

14 --

15 MS. DALE: It does not replace it --

16 THE COURT: Does not.

17 MS. DALE: -- in its entirety.

18 THE COURT: I got to read both of them together?

19 MS. DALE: Yeah. But the modified is more
20 relevant.

21 THE COURT: All right. Just give me a minute here
22 to read this, okay?

23 (Pause)

24 THE COURT: So let me ask you this, and I know
25 this is in the papers, but tell me what's the aggregate

1 amount in Northern Trust and in each of Northern Trust and
2 Morgan Stanley?

3 MS. DALE: Your Honor, there's 10 million -- the
4 aggregate in Northern Trust is 130 million now --
5 135 million, I have to look at the paper.

6 THE COURT: Approximate.

7 MS. DALE: Approximately, yes. And there are
8 securities in the Morgan Stanley account of approximately
9 169 million.

10 THE COURT: And so the -- as currently in force
11 the TRO obtained by the SEC assures that you'll maintain
12 what number is in each account?

13 MS. DALE: We need -- to maintain \$10 million in a
14 segregated account at Northern Trust and 66.67 million in
15 securities in the Morgan Stanley account.

16 THE COURT: Okay. And so what happens if I grant
17 the relief you're asking for today, does everything in those
18 accounts above the amounts that are secured, you know, that
19 you are restricted from transferring by virtue of the SEC
20 TRO, is it going to depart this jurisdiction?

21 MS. DALE: It is not.

22 MR. RAICHT: No, Your Honor, it is certainly not,
23 and the relief that we're seeking between now and the
24 recognition hearing status quo is preserved recognition
25 hearing suggests that at that point in time we -- that

1 the --

2 THE COURT: Yeah, you're asking for the relief
3 under 1521 --

4 MR. RAICHT: Correct, Your Honor.

5 THE COURT: -- (a)(5) I guess it is.

6 MR. RAICHT: Correct.

7 THE COURT: You want to be able to administer the
8 assets in the Caymans.

9 MR. RAICHT: Right. And the bank is not doing
10 business, so there shouldn't be a need for depositors to be
11 met or to have money exchanged to go pay depositors, so it
12 should be sitting there for the next extra (indiscernible)
13 days.

14 THE COURT: Okay. But I didn't see anything in
15 the order you're asking me to sign that would prevent
16 Caledonian from transferring everything in its accounts
17 above the amounts that they're restricted from transferring
18 by the SEC. Did I miss something?

19 MS. DALE: I don't think you did, but it certainly
20 -- we should certainly add that.

21 THE COURT: I'm just -- I'm not -- I'm just trying
22 to understand what -- you know, if I grant this relief no
23 depositors can take any action to recover any money that's
24 in these accounts, so they're handcuffed. But I didn't see
25 anything in the order that would handcuff the foreign

1 representatives from transferring everything else out of the
2 U.S. and saying, oh, we've left what the SEC said we had to
3 keep.

4 MR. RAICHT: Your Honor, we can put that language
5 in. Certainly not the intention nor the understanding that
6 the money would leave the jurisdiction, so we'll put it in.

7 THE COURT: Okay. And I wasn't trying to -- I
8 wanted to make sure I was reading the -- I didn't have the
9 SEC --

10 MR. RAICHT: Yes.

11 THE COURT: -- I saw what you said about the SEC
12 injunction in your papers, but I didn't have that.

13 MS. DALE: Well, Your Honor, and also with respect
14 to the SEC modified TRO --

15 THE COURT: Yes.

16 MS. DALE: -- the February 9th document --

17 THE COURT: Yes.

18 MS. DALE: -- paragraph 8, we have an agreement
19 with the SEC, which was a further stipulation, it was
20 actually just signed today, but it hasn't been entered by
21 the court, to delete paragraph 8 in its entirety, because
22 paragraph 8 had allowed business as usual to be conducted
23 above these amounts.

24 THE COURT: Right.

25 MS. DALE: So that paragraph 8 is going to be --

1 you know, once the controllers came into control we realized
2 that that wasn't really an operative provision any longer,
3 and the SEC agrees that that has to be removed.

4 THE COURT: Okay. So let me address some
5 questions about notice.

6 MR. RAICHT: Yes, Your Honor.

7 THE COURT: And you indicated that the identities
8 of the customers are required to be maintained as
9 confidential, but you referenced a Cayman law but didn't
10 attach it. So, I don't know what it says.

11 MR. RAICHT: Okay.

12 THE COURT: And I think you refer to -- just give
13 me a second.

14 (Pause)

15 THE COURT: You asked for a waiver of the
16 requirements of 1007(a)(4).

17 MR. RAICHT: Yes, Your Honor.

18 THE COURT: Which --

19 (Pause)

20 THE COURT: -- and I think you were referring to
21 Rule 1007(a)(4)(B), unless the Court orders otherwise a list
22 containing, and then I'll switch to the end, all entities
23 against whom provisional relief is being sought in 1519. So
24 you asked for waiver of that.

25 MR. RAICHT: Correct, Your Honor.

1 THE COURT: In 2002(q)(1) requires the clerk or
2 some other person ass the Court may direct shall forth with
3 give the debtor all persons or bodies authorized to
4 administer acquired proceedings of the debtor all entities
5 against whom provisional relief is being sought under 1519
6 of the Code. That's notice. And there's no provision about
7 the Court waiving any requirement for notice. When you give
8 notice you're also required to file an affidavit of service
9 that you gave notice.

10 MR. RAICHT: And just to be clear, we are
11 intending to give actual notice to all 1,500 depositors.
12 The issue would be the affidavit of service --

13 THE COURT: Right.

14 MR. RAICHT: -- where we list their names and
15 address, because that would be the issue that would --

16 THE COURT: Okay. Do you have a copy of that
17 privacy statute -- Cayman privacy statute that you referred
18 to?

19 MS. DALE: I didn't bring it.

20 MR. RAICHT: We didn't bring it, Your Honor. We
21 can get a copy to chambers.

22 THE COURT: Okay. So --

23 MR. RAICHT: And, Your Honor, if I may,
24 Mr. Masumoto and I have spoke to this -- about this issue
25 prior --

1 THE COURT: Sure.

2 MR. RAICHT: -- to the hearing and I think it was
3 the U.S. Trustee's position that think wanted some time to
4 think about this, and we certainly were not -- on the short
5 notice we have today and the issues Your Honor has if Your
6 Honor does not want to rule on the issue of waiving notice
7 that would be understandable, but I think that we would just
8 have to serve it in a way -- we're going to make sure we get
9 service done, and then filing the notice maybe we would just
10 do it how -- the way we think we best can do it in
11 compliance with the law, and then we'll have to take up this
12 issue a different time.

13 THE COURT: Mr. Masumoto, do you want to --

14 MR. RAICHT: Sorry, we can potentially represent
15 by account number without --

16 THE COURT: Well, I'll tell you what I think
17 thinking about is I was going to make you file it under seal
18 because -- and I'll tell you why, okay? If someone comes in
19 and objects --

20 MR. RAICHT: Uh-huh.

21 THE COURT: -- I want to see who they are.

22 MR. RAICHT: Uh-huh.

23 THE COURT: Okay? I'm not looking to require
24 public disclosure of that which a generally applicable
25 Cayman law may prohibit public disclosure.

1 MR. RAICHT: Uh-huh.

2 THE COURT: And this precise issue hasn't come
3 before me, but there have been a number of sealing issues
4 under Section 107 of the Bankruptcy Code that have, and what
5 I -- I want to give you a chance to respond to this and
6 Mr. Masumoto.

7 What I'd be inclined to do is require you to serve
8 that list on the U.S. Trustee and file it under seal with
9 the Court, but I'm not looking -- I don't like the notion of
10 enjoining people who I have no clue who they are, okay?
11 That's a lot of what is motivating me.

12 MR. RAICHT: Right.

13 THE COURT: And the Code -- well the rules in 1001
14 that you did refer to, but 2002(q) --

15 MR. RAICHT: Uh-huh.

16 THE COURT: -- does require notice to anybody
17 you're seeking provisional relief over.

18 Let me hear from Mr. Masumoto and then I'll give
19 you a chance, Mr. Raicht.

20 MR. MASUMOTO: Thank you, Your Honor.

21 Your Honor, as Mr. Raicht indicated we did have a
22 discussion regarding this matter. From our standpoint we
23 have no problem with the sealing.

24 With respect to the disclosure we wanted to make
25 sure that the understanding was that the waiver issue would

1 not be addressed -- would not be decided today, and that
2 even if for purposes of the affidavit of service that the
3 names were not disclosed that ultimately when the issue was
4 before the Court and decided by the Court if the Court
5 determined it should be disclosed that they would
6 retroactively do so. We didn't want any estoppel to arise
7 based upon today's affidavit of service.

8 THE COURT: Yes.

9 MR. RAICHT: That's correct, Your Honor, and I'm
10 just reviewing an email that -- from -- that I received
11 earlier in the day anticipating Your Honor's request of
12 potentially sealing the list, and it's my understanding that
13 the controllers would need to go back to the Cayman court to
14 effectively get a blessing that that would be okay.

15 THE COURT: They may think so, but I might not.

16 MR. RAICHT: Yeah, I understand, Your Honor. And
17 I think it's okay from their -- really from their
18 perspective of their own liability, because that was -- and
19 that would be subject to the Cayman law that they would be
20 in violation of.

21 I guess, you know, one of the things, Your Honor,
22 we thought about perhaps somehow having account numbers
23 being the way to list them that way or we can defer this
24 issue for another day.

25 THE COURT: Well what I'm prepared to do is defer

1 the filing under seal of the identities and contact
2 information of the depositors, but I want to make clear my
3 instincts as I'm going require you to file it under seal but
4 I'm not going to decide that.

5 So if the -- if your clients in the Caymans want
6 to go back to court and get the court there -- seek to get
7 approval two things, to provide to the U.S. Trustee -- to
8 file under seal with the Court and provide to the U.S.
9 Trustee, subject to the confidentiality restrictions, they
10 should go back and seek that, and without prejudice to the
11 U.S. Trustee's right to argue that it has to be publicly
12 disclosed. Okay? I'm not -- so I'm not precluding the U.S.
13 Trustee from taking that position.

14 MR. MASUMOTO: Thank you, Your Honor.

15 THE COURT: But -- and it'll also give you a
16 chance if you want to take another crack at convincing me
17 that you shouldn't have to do that. I'm not trying to put
18 you on the spot today, but that sort of jumped out at me
19 when I read the papers.

20 MR. RAICHT: Appreciate that, Your Honor.

21 THE COURT: Okay? And I mostly -- frankly, you
22 know, I'm going give you a schedule and if I start getting
23 objections I'm going to look against the list.

24 MR. RAICHT: Of course, Your Honor.

25 THE COURT: Okay. Mr. Masumoto, is there anything

1 you wanted to add?

2 MR. MASUMOTO: Nothing further, Your Honor.

3 THE COURT: Okay. So first with respect to the
4 request for the temporary restraining order applying Federal
5 Rule of Civil Procedure 65(b).

6 First the moving parties have established an
7 appropriate basis for seeking relief ex parte.

8 The affidavit submitted in support of the
9 temporary restraining order sets forth specific facts
10 clearly showing that immediate and irreparable injury, loss,
11 or damage will result to the movants before the adverse
12 party can be -- potential adverse parties can be heard in
13 opposition to the motion for temporary restraining order.

14 While the moving papers argue alternative grounds
15 for granting a temporary restraining order the Court
16 believes that applying the probability -- applying
17 probability of success and likelihood of irreparable injury,
18 both of those requirements for temporary restraining order
19 are satisfied.

20 With respect to probability of success the papers
21 submitted in support of the Chapter 15 petition establish a
22 probability of success of this chapter -- of the Cayman
23 proceeding being determined to be a foreign main proceeding.

24 Now, I understand that there -- the papers do a
25 good job of explaining whether under the banking law or the

1 bankruptcy law that this would be determined to be a covered
2 proceeding under Chapter 15, they've certainly shown
3 probability of success on that.

4 With respect to the likelihood of irreparable
5 injury the Court concludes that the moving papers, the
6 affidavit submitted in support of the temporary restraining
7 order clearly establishes the likelihood of irreparable
8 injury if immediate relief is not granted pursuant to
9 Section 1519 of the Bankruptcy Code.

10 The papers establish -- my term, not the term used
11 -- the potential run on the bank in insufficient proceeds
12 available on accounts held in the United States to satisfy
13 all creditor claims.

14 One of the governing overriding purposes of
15 Chapter 15 in the model law is to assure a fair and
16 equitable distribution to all creditors of a foreign debtor,
17 and when appropriate have the matter administered in the
18 foreign proceeding.

19 The papers also establish that one or more
20 attorneys have been actively seeking clients to pursue
21 matters in the U.S., and so the Court concludes that the
22 papers show a likelihood of irreparable injury if relief is
23 not granted.

24 Rule 65(b)(2) provides that a temporary
25 restraining order expires at the time after entry not to

1 exceed 14 days that the Court sets unless before that time
2 the Court for good cause extends it for a like period or the
3 adverse party consents. Well you don't know who the adverse
4 party is right at the moment.

5 Because of the Court's schedule I will be away and
6 not available in 14 days, so I'm going schedule a
7 preliminary injunction hearing for February 25th at 2 p.m.
8 The objection deadline shall be Monday, February 23rd at
9 9 a.m. And the deadline for replies should be February 24th
10 at 5 p.m.

11 Mr. Raicht, how quickly do you believe you can
12 give notice of the -- in setting the recognition hearing?
13 How quickly are you in a position to give notice? See you
14 have to give 21 days, but frankly I think it's odd, but the
15 rules seem to say that objectors would have 21 days to
16 object. So --

17 MR. RAICHT: I'm glad Your Honor saw the same
18 ambiguity that I did.

19 We would propose that we're going to get
20 everything out the door, we're anticipating two business
21 days from today, so end of business day Wednesday.

22 THE COURT: So 21 days after that is what?

23 (Pause)

24 MR. RAICHT: March 11. I think it's March 11,
25 Your Honor.

1 THE COURT: Well what I'm going to do to -- I'm
2 going to schedule the hearing for March 17th at 11 o'clock,
3 I'm going to set an objection deadline of March 12th at
4 10 a.m., and a reply deadline of March 16th at 12 noon.

5 With those dates work for you?

6 MR. RAICHT: Those are fine, Your Honor.

7 THE COURT: Mr. Masumoto?

8 MR. MASUMOTO: That's fine, Your Honor.

9 THE COURT: Okay. I want to give enough time if
10 people want to file their objections and you get a reply
11 and --

12 MR. RAICHT: All right, thank you.

13 THE COURT: Okay. You've also asked for a waiver
14 of Section 1514(c).

15 MR. RAICHT: Uh-huh.

16 THE COURT: So 1514(c) deals with notice to
17 foreign creditors about the time for filing proofs of claim,
18 and I assume no dates have been set in the Caymans.

19 MR. RAICHT: That's correct, Your Honor.

20 THE COURT: All right. So what I'm going to do is
21 I'm going to suspend the application of 1514(c) pending
22 further order of the Court, if necessary.

23 So the guidance that I've generally seen is don't
24 set the date until the foreign proceeding has set a date,
25 and then set the same date if that's -- but -- so, I'm going

1 to suspend, but not waive the requirements. We'll just see
2 where things should go.

3 MR. RAICHT: Right.

4 THE COURT: Okay. So the most important thing is
5 that you get -- we get an order filed and we'll do that with
6 the TRO. So the TRO is granted effective February 16th,
7 2015 at 3:45 p.m., I'm supposed to note the date and time.

8 MR. RAICHT: Your Honor, we're going to make a
9 modification to the TRO regarding not transferring
10 everything -- any --

11 THE COURT: Yes. You're agreeing to include that,
12 I'm not making -- I'm not ordering whether -- I'm not
13 determining whether what I would have had to do in the
14 absence of it, but it just -- it jumped out at me that that
15 was not --

16 MR. RAICHT: Yeah.

17 THE COURT: -- something that was -- do you have
18 it on a computer with you or --

19 MR. RAICHT: We sent an electronic copy to
20 chambers.

21 THE COURT: Okay. Maybe what you can do is when
22 we finish the hearing work with Jason Pierce, my law
23 clerk --

24 MR. RAICHT: Right.

25 THE COURT: -- and let's make sure we get the

1 language. You can come on in -- somebody can come into
2 chambers and we'll get that language included.

3 And I just want to make clear on the record,
4 inclusion of that language at this stage does not
5 necessarily mean that language will and won't remain in any
6 preliminary injunction that if one is -- if one is issued.

7 MR. RAICHT: Yes, Your Honor.

8 THE COURT: I just after -- we've had a discussion
9 about what my concern was there. Yeah, I think if anything
10 it may go a long way to alleviate the concerns of --

11 MR. RAICHT: Yes, Your Honor.

12 THE COURT: -- some of your foreign depositors
13 that they know the money is -- whatever is there is there,
14 it isn't going anywhere in the meantime.

15 MR. RAICHT: (Indiscernible), Your Honor.

16 THE COURT: Okay? Anybody else? Anybody else
17 have anything they want to add?

18 MR. RAICHT: Just again, Your Honor, thank you
19 very much for the time today --

20 THE COURT: Quite all right.

21 MR. RAICHT: -- and to Mr. Pierce as well, I know
22 this is a holiday and he'd rather be doing other things, but
23 we thank you again.

24 THE COURT: Okay. We're adjourned.

25 MR. RAICHT: Thank you.

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MR. MASUMOTO: Thank you, Your Honor.

THE COURT: Thank you, Mr. Masumoto.

(Whereupon these proceedings were concluded at 3:46 PM)

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C E R T I F I C A T I O N

I, Dawn South, certify that the foregoing transcript is a true and accurate record of the proceedings.

Dawn South

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